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ABSTRACT

This booklet is intended to help high school students approaching graduation identify sources of financial assistance for postsecondary education. A question-and-answer format is used in the 10 sections which address the following topics: (1) general information (what is available from the Department of Education, criteria for applying, how to apply); (2) telephone numbers (sources of assistance in filling out applications for financial aid); (3) Federal Pell Grants (how much one can receive, how the grants are paid); (4) loans for students (how to apply for a Stafford Loan, how the funds are provided, interest accumulation, financial limits, repayment procedures); (5) loans for parents (application procedures, criteria, financial limits to the loans, who receives the funds, interest rate, repayment procedures); (6) common loan questions (charges other than interest, repayment schedules, cancellations); (7) campus-based aid (Federal Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Perkins Loans); and (8) general questions (how to avoid borrowing too much, what to do next). (MAH)

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ED 399 844

funding Your Education

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# Contents

**Education after High School** ..... 1
What kind of financial aid does the Department of Education offer? ..... 1
What criteria do I have to meet to get federal student aid? ..... 2

**Applying for Financial Aid** ..... 2
How do I apply for student aid? ..... 2
Where can I get an application? ..... 2
What kind of information do I need to put on my application? ..... 3
When can I apply? ..... 3
How will I know my FAFSA has been processed? ..... 4

**Eligibility Criteria** ..... 4
How does the school determine what aid I'm eligible for? ..... 4
What if my family has unusual circumstances? ..... 4
What deadlines do I have to meet to get aid? ..... 5
What is verification? ..... 5

**Telephone Numbers** ..... 6
What if I have questions or need help filling out my application? ..... 6
What kind of help can I get through the toll-free number? ..... 6
What if I need other assistance? ..... 6

**Federal Pell Grants** ..... 6
How much money can I get? ..... 6
How are Pell Grants paid? ..... 7

**Loans for Students** ..... 7
How do I apply for a Stafford Loan? ..... 7
How will I receive the loan funds? ..... 7
Does interest build up while I'm in school? ..... 8
How much can I borrow? ..... 8
What's the interest rate on these loans? ..... 8
When do I pay back these loans? ..... 8

*continued on the next page*

**Loans for Parents** ..... 9
How do my parents apply for a loan? ..... 9
What requirements do my parents have to meet? ..... 9
How much can my parents borrow? ..... 9
Who receives my parents' loan funds? ..... 9
What's the interest rate? ..... 9
When do my parents begin repaying the loan? ..... 9

**Common Loan Questions** ..... 10
Other than interest, is there a charge for loans? ..... 10
How are these loans repaid? ..... 10
Can payments be postponed? ..... 10
Can a Stafford Loan or PLUS Loan be cancelled? ..... 10

**Campus-Based Aid** ..... 11
What is a Federal Supplemental Educational Opportunity Grant? ..... 11
How will I receive the FSEOG? ..... 11
What is Federal Work-Study? ..... 11
How will I receive FWS? ..... 11
What types of jobs are available? ..... 12
What is a Federal Perkins Loan? ..... 12
How much can I borrow? ..... 12
Other than interest, is there a charge for this loan? ..... 12
How will I receive the loan? ..... 12
When do I pay back this loan? ..... 12
What if I have trouble repaying my Federal Perkins Loan? ..... 12
Can my Federal Perkins Loan be cancelled? ..... 12

**General Questions** ..... 13
How do I reduce the cost of school to avoid borrowing too much? ..... 13
What's the next step? ..... 13

# Education after High School

As you get closer to graduating from high school, you've got a lot of decisions to make about your future. The most important decision you need to make is what college or career school to go to. Some of the questions you should ask yourself when considering a college or career school are—

- ✔ Does the school offer the courses and type of program I want?
- ✔ Do I meet the admissions requirements?
- ✔ Is the school accredited; that is, has an independent agency approved the school's courses and policies?
- ✔ Does the school offer a quality education at a reasonable price?
- ✔ Have many of the school's graduates gone on to successful careers?
- ✔ Is federal student aid available at the school?
- ✔ Does the school offer special services I might need and the extracurricular activities I'm interested in?
- ✔ What measures are taken to ensure the safety of the school's students?

Most of this information is covered in the school's catalog or an introduction brochure. Also in the reference section of your local library, many books provide information about colleges and career schools. If you know someone who goes to a school you're considering, ask that person how he or she likes the school.

Regardless of which college or career school you choose, you will probably need help paying for your tuition, fees, books, and living expenses. You're probably wondering how you're going to pay for these things.

To help you and other students, the U.S. Department of Education offers a variety of student financial aid programs. You can find out about many sources of student financial aid for *free*. This publication describes the Department of Education's student financial assistance programs.

You can learn about state programs by contacting your state department of education and about other programs by checking with your high school counselor or the college or career school you plan to attend. You also might want to visit your local library. Check the reference section under "financial aid" or "student aid."

There are many private scholarship search services that provide lists of "sources" of financial assistance you may apply for. You should be aware that the Department of Education does not evaluate private scholarship search services. If you decide to use one of these services, you may check its reputation by contacting the Better Business Bureau or a State Attorney General's Office.

## *What kind of financial aid does the Department of Education offer?*

Federal student aid includes two types—gift aid and self-help aid. You don't have to pay back gift aid, and the self-help aid programs allow you to earn money or to borrow money for school. You'll have to repay any money you borrow.

Our gift aid programs are the Federal Pell Grant Program and the Federal Supplemental Educational Opportunity Grant (FSEOG) Program. These grants are available only to students who do not yet have bachelor's degrees.

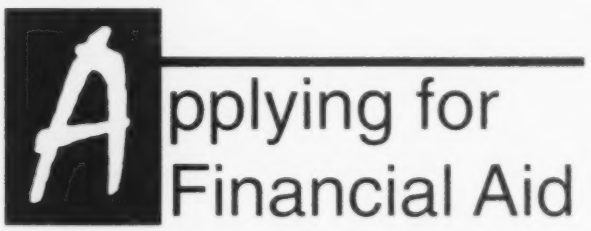
Federal Stafford Loans are the Department's major form of self-help aid for students. Federal PLUS Loans are for parents of students. For more information on these programs, see pages 6 through 12.

### *What criteria do I have to meet to get federal student aid?*

Basically, to receive aid from our programs, you must—

- ✔ have financial need (not part of the criteria for some loans),
- ✔ have a high school diploma or a General Education Development (GED) certificate or pass a test approved by the Department of Education,
- ✔ be enrolled as a regular student (that is, you have to be working toward a degree or certificate) in an eligible program,
- ✔ be a U.S. citizen or eligible noncitizen,
- ✔ have a valid Social Security Number,
- ✔ register with the Selective Service if required, and
- ✔ maintain satisfactory academic progress once in school.

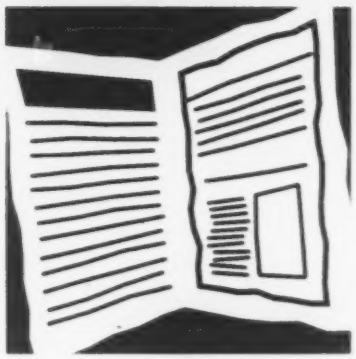
If you have a question about your citizenship status, contact the financial aid office at the college or career school you plan to attend.



# Applying for Financial Aid

### *How do I apply for student aid?*

Applying for federal student aid is easy; you don't have to fill out form after form. All you have to do is complete a *Free Application for Federal Student Aid* (FAFSA) and mail it to the address indicated on it. Or you may be able to apply electronically through the school you plan to attend. Contact the school to find out if you can apply electronically through its financial aid office. You might even be able to apply electronically at your local library.



### *Where can I get an application?*

You can get a FAFSA (or a Spanish version of the FAFSA) from your high school, the college or career school you plan to attend, or our Federal Student Aid Information Center. The address and telephone number are—

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

1-800-4-FED-AID

The college or career school you attend can give you any other forms you might need. Applying for all of our programs is **FREE**.

You will need a valid Social Security Number to apply for federal student aid. You have to put this number on your FAFSA, and it is used to find your application in our records. If you don't put a valid Social Security Number on your FAFSA, the FAFSA won't be processed. If you don't have a Social Security Number yet, you can apply for one at your local Social Security office.

Most students who, like you, are entering college or a career school straight from high school are considered dependent students. If you are dependent, you have to report both your and your parents' financial information on the FAFSA. This information will be considered when your eligibility is determined. You are a dependent student if you do not meet the following definition of an independent student.

To be considered an independent student at least one of the following criteria must apply to you:

- ✔ you were born before January 1, 1973,
- ✔ you're married,
- ✔ you're enrolled in a graduate or professional educational program,
- ✔ you have legal dependents other than a spouse,
- ✔ you're an orphan or ward of the court (or were a ward of the court until age 18), or
- ✔ you're a veteran of the U.S. Armed Forces.

If you are independent, you must report only your financial information (and your spouse's, if you're married).

In special or unusual circumstances, a college or career school's financial aid administrator may determine that an otherwise dependent student should be considered independent. (A parent's refusal to provide financial assistance or the required FAFSA information is not a valid reason for such a determination.)

If you're dependent and your parents are divorced or separated, you'll need to complete the FAFSA using information about the parent you lived with more in the 12 months before the date of application. If you did not live with either parent, or if you lived with each parent an equal number of days, use information about the parent who provided the greater amount of support during the 12 months preceding the date of application.

If the parent you receive support from is divorced or widowed and has remarried, the financial information of your stepparent is required on the FAFSA. This does not mean that your stepparent is obligated to give financial assistance to you, but his or her income and assets represent significant information about the family's resources. Including this information on the FAFSA helps us form an accurate picture of your family's total financial strength.

## *What kind of information do I need to put on my application?*

The FAFSA asks for your family's financial information. When you fill out the 1996-97 FAFSA, you'll need your parents' 1995 U.S. income tax return. If you filed a return, you'll need yours too. Referring to the tax forms makes it easier to answer the FAFSA questions. If you won't have your tax form in time to use it when filling out the FAFSA, you can estimate your answers and then correct them later. Bank statements, W-2 forms, and business/farm records might also be helpful. Save all of the forms you refer to when completing the FAFSA because you might need them later if your school asks you to show that the information on your FAFSA is correct. If the information is incorrect, you won't get any aid until you correct it. It's a good idea to keep a photocopy of your completed FAFSA.

On the FAFSA, you can list schools you're interested in attending, and those schools will get the results of your FAFSA after it's processed. You aren't required to list any schools on your FAFSA, but if you do so, the school you decide on can deliver your aid faster. A school that participates in at least one of our programs will have a Title IV Institution Code. For each school that interests you, list its code in the appropriate section of the FAFSA. You can get Title IV codes from a college or career school financial aid office, your high school, or your local public library.

## *When can I apply?*

For 1996-97, you should apply as soon after January 1, 1996 as possible. You can't apply before this date. Don't sign, date, or mail your FAFSA before January 1, 1996. Our processor must *receive* your FAFSA by June 30, 1997. If your form is not received by that date, it will not be processed, and you won't get any federal aid.

Your eligibility is determined one award year at a time. The results from your 1996-97 FAFSA are good only for the 1996-97 award year (July 1, 1996 to June 30, 1997) and any summer terms that your school considers part of that award year. Because your circumstances can change greatly from one year to the next, you must complete an application each award year. After you've applied for the first time, you might be able to apply easier and faster in subsequent award years by completing a Renewal FAFSA. With a Renewal FAFSA, you have to fill out only the information that changed from the previous award year.

### *How will I know my FAFSA has been processed?*

If you apply by mail, your FAFSA will be processed in approximately four weeks. Then, you'll receive a *Student Aid Report* (SAR) in the mail. The SAR will repeat the information you put on your FAFSA. If the information you provided is complete, your SAR will also have your Expected Family Contribution (EFC), which is the amount of money your family is expected to be able to contribute toward your education for the 1996-97 school year. The EFC determines how much federal student aid you can get. As we stated earlier, the schools you listed on your FAFSA will also get a report of your FAFSA results.

After you receive the SAR in the mail, you should check it carefully for mistakes. You can fix any mistakes by writing the correct answers on Part 2 of the SAR in the column labeled, "The correct answer is," and mailing the SAR back. Or your school might be able to process corrections electronically for you. Make sure you keep a photocopy of your SAR .

If you apply electronically at your college or career school, your FAFSA will be processed in about a week. The results will be sent electronically to your school, and you'll get a SAR Acknowledgment in the mail. It's a good idea to get a printout of your processing results from your school. You can check the information on your SAR Acknowledgment, but your school will have to make any corrections electronically.

## Eligibility Criteria

### *How does the school determine what aid I'm eligible for?*

When your FAFSA is processed, a formula is applied to the information you provided. Congress established this formula, which determines your financial need. The formula result is the EFC mentioned earlier. If your EFC is below a certain amount, you'll be eligible for a Federal Pell Grant, assuming you meet all other eligibility requirements. The amount of your Pell Grant depends on your EFC, your cost of attendance, which the financial aid administrator at your college or career school will figure out, and your enrollment status (full time, three-quarter time, half time, or less than half time).

For our other aid programs, the financial aid administrator at your college or career school takes your cost of attendance and then subtracts your EFC, the amount of a Federal Pell Grant you are eligible for, and aid you will get from other sources. The result is your remaining financial need:

Cost of Attendance

-EFC

-Federal Pell Grant Eligibility

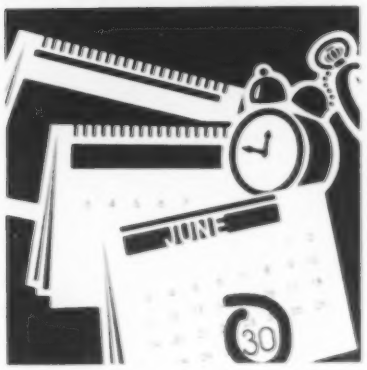
-Aid From Other Sources

=Financial Need

### *What if my family has unusual circumstances?*

As mentioned earlier, the financial aid administrator at your college or career school can change your status from dependent to independent if he or she believes there is a good reason to do so. You'll have to provide documentation to justify the change.

The financial aid administrator also has the authority to adjust your cost of attendance or some of the information that is used to calculate your EFC. This kind of change can be made if you have unusual circumstances that affect your family's ability to contribute money to the cost of your education. If your family has any unusual circumstances (for example, high medical expenses or reduced income due to a recent job loss), contact the financial aid administrator at the school you plan to attend. He or she will decide whether an adjustment is necessary, and that decision cannot be appealed to the Department.




## *What deadlines do I have to meet to get aid?*

As stated earlier, you should apply as soon after January 1, 1996 as possible. Even though applications are available before that date, don't sign, date, or mail your FAFSA before then. Whether you apply electronically or by mail, our application processor must *receive* your FAFSA by June 30, 1997 for the 1996-97 school year. A school might have its own deadlines for applying for aid from our campus-based programs (FSEOG, FWS, and Federal Perkins Loans) and for applying for its own aid. Check with the school for these deadlines. Also, states have their own deadlines for applying for their aid. Check with your state agency to find out what deadlines you have to meet.

There is also a deadline for submitting a *valid* SAR to your school's financial aid office. A valid SAR is complete and needs no corrections. Check with your college or career school for information on this deadline. As stated earlier, if you applied electronically, you will receive a SAR Acknowledgment instead of a SAR. In this case, there is a deadline for your school to receive a *valid* electronic printout. (Your school will automatically get a printout if you apply electronically through the school.)

You may need to go to the financial aid office to certify that all the information on your electronic printout is correct or to provide additional information if your school requests it. Again, check with your school for more information on applicable deadlines. If your application is selected for verification, your school may ask you to document that your SAR or electronic printout is complete and correct.

## *What is verification?*

Verification is a process the Department of Education uses to make sure that the information applicants report is accurate. This prevents ineligible students from receiving aid by reporting false information, and it ensures that eligible students receive all of the aid they are qualified for.

Each year, we select a group of FAFSAs for verification. Some of these applications are selected because of inconsistent information; others are chosen at random. Some colleges and career schools also choose applications for verification. In either case, a student whose application is selected must give his or her financial aid office certain documentation to show that the information on the FAFSA is correct. The sooner you verify your information, the sooner you'll be able to receive financial aid if you're eligible. If selected, you will have to give your financial aid administrator copies of your and your parents' signed 1995 federal income tax returns. You may have to provide copies of appropriate W-2 forms as well and statements from any agencies you received benefits from. If you don't provide the required proof, you won't receive aid from the Department of Education, and you might not get aid from other sources.

# Telephone Numbers

### *What if I have questions or need help filling out my application?*

If you need answers right away to questions about federal student aid, call one of the following numbers at the Federal Student Aid Information Center between 9:00 a.m. and 8:00 p.m. (Eastern Time), Monday through Friday.

**1-800-4-FED-AID (1-800-433-3243) — a toll-free number**

### *What kind of help can I get through the toll-free number?*

When you call the toll-free number, the Information Center will—

- ✔ assist you in completing the FAFSA,
- ✔ explain federal student aid eligibility requirements,
- ✔ explain the process of determining financial need and awarding aid,
- ✔ provide you with Title IV institutional codes you may need when applying,
- ✔ tell you whether a school participates in the federal student aid programs, and that school's student loan default rate, and
- ✔ send federal student aid publications to you.

### *What if I need other assistance?*

There is a toll number to call if you want to find out if your FAFSA has been processed or if you want a copy of your SAR. Be aware that you'll have to pay for this call. Collect calls cannot be accepted, and these services are not available on the toll-free number. The number to call for these services is—

**1-319-337-5665**

If you're hearing-impaired, you may call the following toll-free TDD number at the Information Center for help with any federal student aid questions you have. Operators at this number can provide the same assistance as those at both the toll-free and toll numbers. This number is only for hearing-impaired students using TDDs:

**1-800-730-8913 (TDD)**

# Federal Pell Grants

A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded only to undergraduate students who have not earned bachelor's or professional degrees.

### *How much money can I get?*

Awards for the 1996-97 award year (July 1, 1996 to June 30, 1997) will depend on program funding. The maximum award for the 1995-96 award year was $2,340. How much you get will depend not only on your EFC, but on your cost of attendance, whether you're a full-time or part-

time student, and whether you attend school for a full academic year or less.

### *How are Pell Grants paid?*

Your school can either apply the Pell Grant funds to your school costs, pay you directly (usually by check), or combine these methods. The school must tell you in writing how and when you'll be paid and how much your award will be. Schools must pay you at least once per term (semester, trimester, or quarter). Schools that do not use formally defined, traditional terms must pay you at least twice per academic year.

## Loans for Students

Stafford Loans are the Department's major form of self-help aid. An increasing number of schools are participating in the Direct Loan Program. Under this program, the funds for your Stafford Loan come directly from the federal government. If your school does not yet participate in Direct Loans, the funds for your Stafford Loan will come from a bank, credit union, or other lender that participates in the Federal Family Education Loan (FFEL) Program. The terms and conditions of a Direct Stafford and those of an FFEL Stafford are the same. The major differences between the two are the source of the loan funds, some aspects of the application process, and the administrative details of the repayment process.

If you have financial need remaining after your EFC, Federal Pell Grant eligibility, and aid from other sources are subtracted from your cost of attendance, you can borrow a Stafford Loan to cover all or a portion of that remaining need. The government will pay the interest on your loan while you're in school, for the first six months after you leave school, and when you qualify to have your payments deferred. This type of loan is called a subsidized loan.

If you don't have financial need remaining, you may borrow a Stafford Loan for the amount of your EFC or the annual Stafford Loan borrowing limit for your grade level, whichever is less. (Annual loan limits are listed on page 8.) You will be responsible for paying all of the interest on the loan if you don't have financial need remaining. This type of loan is called an unsubsidized loan.

The first payment on your Stafford Loan will be due six months after you leave school. Payments are usually due monthly.

### *How do I apply for a Stafford Loan?*

If your school participates in Direct Loans, the FAFSA serves as your Stafford Loan application. If your school participates in the FFEL Program, you will have to fill out a separate Stafford Loan application in addition to the FAFSA. In either case, after your FAFSA is processed, your school will review the results and will inform you about your loan eligibility.

### *How will I receive the loan funds?*

For both the Direct and FFEL programs, you'll be paid through your school in at least two installments. No installment may exceed one half of your loan amount. Your loan money must first be applied to pay for tuition and fees, room and board, and other school charges. If loan money remains, you'll receive the funds by check or in cash, unless you give the school written authorization to hold the funds until later in the enrollment period. If you give the school permission to hold your funds, the school may pay you the remaining funds as often as weekly or monthly.

If you're a first-year undergraduate student and a first-time borrower, your school cannot disburse your first payment until 30 days after the first day of your enrollment period. This way, you won't have to repay the loan if you don't begin classes, or if you withdraw during the first 30 days of classes.

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## *Does interest build up while I'm in school?*

If you have a subsidized Stafford Loan, no, interest won't accumulate. If you have an unsubsidized Stafford Loan, yes, it will.

A subsidized loan is awarded on the basis of financial need; your EFC is taken into account. If you qualify, the federal government pays interest on the loan ("subsidizes" the loan) until you begin repayment and during any authorized periods of deferment.

Because an unsubsidized loan is not awarded on the basis of need, your EFC isn't taken into account. If you don't receive enough need-based aid to meet your cost of attendance, you can pay for some of your remaining costs with an unsubsidized loan. You'll be charged interest from the time the loan is disbursed until it is paid in full. You can choose to pay the interest or allow it to accumulate and be added to the principal amount of your loan.

You can receive a subsidized Stafford Loan and an unsubsidized Stafford Loan for the same enrollment period.

## *How much can I borrow?*

If you're a dependent undergraduate student, you can borrow up to—

- ✔ $2,625 if you're a first-year student enrolled in a program of study that is at least a full academic year;
- ✔ $3,500 if you've completed your first year of study, and the remainder of your program is at least a full academic year;
- ✔ $5,500 a year if you've completed two years of study, and the remainder of your program is at least a full academic year.

If you're an independent undergraduate student or a dependent student *whose parents are unable to get a PLUS Loan* (a parent loan), you can borrow up to—

- ✔ $6,625 if you're a first-year student enrolled in a program of study that is at least a full academic year. (At least $4,000 of this amount must be in unsubsidized loans.)
- ✔ $7,500 if you've completed your first year of study, and the remainder of your program is at least a full academic year. (At least $4,000 of this amount must be in unsubsidized loans.)
- ✔ $10,500 a year if you've completed two years of study, and the remainder of your program is at least a full academic year. (At least $5,000 of this amount must be in unsubsidized loans.)

The amounts given here are the maximum yearly amounts you can borrow in both subsidized and unsubsidized Stafford Loans, singly or in combination. Because you can't borrow more than your cost of attendance minus any other financial aid you're eligible for, you may receive less than the annual maximum amounts.

## *What's the interest rate on these loans?*

The interest rate is variable, but it will never exceed 8.25%. From July 1, 1995 through June 30, 1996, the interest rate is 8.25%. The interest rate is adjusted each year of repayment. You'll be notified of interest rate changes throughout the life of your loan.

## *When do I pay back these loans?*

After you graduate, leave school, or drop below half-time enrollment, you have six months before you begin repayment. This is called a grace period. During your grace period, you'll receive information about repayment and will be notified of the date repayment begins. However, you're responsible for beginning repayment on time, even if you don't receive this information.

# Loans for Parents

PLUS Loans to meet students' education costs are available through both the FFEL and Direct Loan programs. Parents with a good credit history can borrow a PLUS Loan to pay the education expenses of a child who is a dependent student enrolled at least half time in an eligible program at an eligible school.

## *How do my parents apply for a loan?*

Your parents will fill out an application which is available from your school's financial aid office. (It is not necessary for you or your parents to fill out a FAFSA to apply for this loan, unless your school requires it.)

## *What requirements do my parents have to meet?*

To be eligible to receive a PLUS Loan, your parents generally will be required to pass a credit check. A parent cannot be turned down for having no credit history—only for having an adverse one. If your parents don't pass the credit check, they might still be able to receive a loan if someone, such as a relative or friend who is able to pass the credit check, agrees to co-sign the loan. A co-signer promises to repay the loan if your parents fail to do so. Your parents might also qualify for a loan even if they don't pass the credit check as long as they can demonstrate that extenuating circumstances exist. You and your parents must also meet other general eligibility requirements for federal student financial aid.

## *How much can my parents borrow?*

The yearly limit on a PLUS Loan is equal to your cost of attendance minus any other financial aid you get. For example, if your cost of attendance is $6,000 and you receive $4,000 in other financial aid, your parents can borrow up to $2,000.

## *Who receives my parents' loan funds?*

Your school will receive the money in at least two installments. No one payment may exceed half of the loan amount. Your school might require your parents to endorse a disbursement check and send it back to the school. The school will then apply the money to your tuition and fees, room and board, and other school charges. If any loan money remains, your parents will receive the amount as a check or in cash, unless they authorize that it be released to you. Any remaining loan money must be used for your education expenses.

## *What's the interest rate?*

The interest rate is variable, but it will never exceed 9%. From July 1, 1995 through June 30, 1996, the interest rate is 8.98%. The interest rate is adjusted each year of repayment.

Your parents will be notified of interest rate changes throughout the life of their loan. Interest is charged on the loan from the date the first disbursement is made until the loan is paid off.

## *When do my parents begin repaying the loan?*

Generally, the first payment is due within 60 days after the final loan disbursement for the year. There is no grace period for these loans. Interest begins to accumulate at the time the first disbursement is made, and your parents will begin repaying both principal and interest while you're in school.

# Common Loan Questions

### *Other than interest, is there a charge for loans?*

You or your parents will pay a fee of up to 4%, deducted proportionately from each disbursement of a loan. A portion of this fee goes to the federal government to help reduce the cost of the loans. Also, if you or your parents don't make loan payments when they're scheduled, you may be charged late fees and collection costs.

### *How are these loans repaid?*

You or your parents can choose to repay your loan on one of the following plans:

- ✔ a 10-year plan with a minimum monthly payment of $50,
- ✔ a graduated plan with a monthly payment that starts out low and then increases gradually during the repayment period, or
- ✔ a plan that bases the monthly payment amount on how much money you make.

With a Direct Loan, you can also choose a plan with a minimum $50 monthly payment and more than 10 years to repay.

No matter which plan you choose, your repayment period begins when your first payment is due, and deferment and forbearance periods (postponements of repayment) do not count as part of that period. For more information, contact the financial aid office at the school you plan to attend.

### *Can payments be postponed?*

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required. If you have a subsidized loan, the federal government will pay the interest that accrues during the deferment. If your loan is unsubsidized, you'll be responsible for the interest on the loan during the deferment. Your parents will be responsible for the interest on their PLUS Loan during a deferment. Neither you nor your parents can receive a deferment if your loan is in default (that is, if you don't repay it according to the terms you agreed to). During forbearance, payments are postponed or reduced. The government does not pay the interest; you are responsible for it on your Stafford Loan, and your parents are responsible for it on their PLUS Loan.

### *Can a Stafford Loan or PLUS Loan be cancelled?*

A Stafford or PLUS Loan can be cancelled (1) if the borrower dies (or the student on whose behalf a parent borrowed dies), (2) if the borrower becomes totally and permanently disabled, (3) if the loan is discharged in bankruptcy, (4) if your school closes before you complete your program, or (5) if the school falsely certifies the loan.

If your parents are co-borrowers for a PLUS Loan, the loan can be cancelled under the first two circumstances only if you die or if both parents die or become totally and permanently disabled.

Neither loan can be cancelled because you don't complete the program of study at the school, don't like the school or the program of study, or don't obtain employment after completing the program of study.

Repayment assistance (not a cancellation, but another way to repay) may be available if you serve in the military. For more information, contact your recruiting officer.

# Campus-Based Aid

The Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan programs are called campus-based programs because they're administered directly by the financial aid office at each participating school. Not all schools participate in all three programs.

How much aid you receive from each of these programs depends on your financial need, on the amount of other aid you receive, and on the availability of funds at your college or career school. Unlike the Federal Pell Grant Program, which provides funds to every eligible student, each participating school receives a certain amount of funds for each campus-based program each year. When that money is gone, no more awards can be made from that program for that year.

Each school sets its own deadlines for students to apply for campus-based funds. The deadlines will usually be much earlier than our June 30, 1997 deadline for filing a FAFSA. Ask your school about the school's deadlines. You might miss out on aid from these programs if you don't apply early.

## *What is a Federal Supplemental Educational Opportunity Grant?*

Federal Supplemental Educational Opportunity Grants (FSEOGs) are gift-aid for undergraduates with exceptional financial need. Pell Grant recipients with the lowest Expected Family Contributions (EFCs) will be the first students to get FSEOGs, which don't have to be paid back. You can get between $100 and $4,000 a year, depending on when you apply, your financial need, and the funding level at the school you're attending.

## *How will I receive the FSEOG?*

If you're eligible, your school will credit your account, pay you directly (usually by check), or combine these methods. Your school must pay you at least once per term (semester, trimester, or quarter).

## *What is Federal Work-Study?*

The Federal Work-Study (FWS) Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the recipient's course of study.

## *How will I receive FWS?*

You'll be paid by the hour. No FWS student may be paid by commission or fee. Your school must pay you directly at least once a month. Your FWS salary will be at least the current federal minimum wage, but it may be higher, depending on the type of work you do and the skills required. Your total FWS award depends on when you apply, your financial need, and the funding level at your school. The amount you earn can't exceed your total FWS award. When assigning work hours, your employer or financial aid administrator will consider your award amount, your class schedule, and your academic progress.

### *What types of jobs are available?*

If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private nonprofit organization or a public agency, and the work performed must be in the public interest. Your school may have agreements with private for-profit employers for FWS jobs. If you get one of these jobs, it must be relevant to your course of study. If you attend a career school, there may be further restrictions on the jobs you can be assigned.

### *What is a Federal Perkins Loan?*

A Federal Perkins Loan is a low-interest (5%) loan for both undergraduate and graduate students with exceptional financial need. Federal Perkins Loans are made through a school's financial aid office—your school is your lender, and the loan is made with government funds. You must repay this loan.

### *How much can I borrow?*

Depending on when you apply, your financial need, and the funding level at the school, you can borrow up to $3,000 for each year of undergraduate study. The total amount you can borrow as an undergraduate is $15,000.

### *Other than interest, is there a charge for this loan?*

No, there are no other charges. However, if you skip a payment, if it's late, or if you make less than a full payment, you may have to pay a late charge plus any collection costs.

### *How will I receive the loan?*

Your school will either pay you directly (usually by check) or apply your loan to your school charges. You'll receive the loan in at least two payments during the academic year, unless your total Federal Perkins Loan is $500 or less (in which case a single payment per academic year is allowed).

### *When do I pay back this loan?*

If you're attending school at least half time, you have nine months after you graduate, leave school, or drop below half-time status before you must begin repayment. This is called a grace period. If you're attending less than half time, check with your college or career school to find out how long your grace period will be. At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay the loan in full. Periods of deferment and forbearance do not count as part of this 10-year period. Your monthly payment amount will depend on the size of your debt and the length of your repayment period.

### *What if I have trouble repaying my Federal Perkins Loan?*

Under certain circumstances, you can receive a deferment or forbearance on your loan. During a deferment, no payments are required, and interest that accrues will be paid by the federal government. During forbearance, your payments are postponed or reduced. The government does not pay the interest; you are responsible for it and if you don't pay the interest as it accrues, it will be capitalized.

### *Can my Federal Perkins Loan be cancelled?*

If you die or become totally and permanently disabled, the loan can be cancelled. You might qualify for having your loan cancelled because of the type of work you do once you leave school—as long as you aren't in default.

If you serve as an enlisted person in certain specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the U.S. Department of Defense may, as an enlistment incentive, repay a portion of your Federal Perkins Loan. If you think you qualify, contact your recruiting officer.

If you have more questions about Perkins Loans, check with the college or career school you plan to attend.

# General Questions

## *How do I reduce the cost of school to avoid borrowing too much?*

There are several ways to reduce the amount that going to a college or career school will cost you. If you plan on working toward a bachelor's degree, you might want to consider starting out at a two-year community college and then transferring to a four-year school. Community colleges are partially funded by local and state tax revenue and are therefore usually less expensive than four-year schools. Also, you can save money by living at home and commuting to your local community college. You'll want to make sure that the courses you take during your first two years will transfer to the four-year school you want to attend and that they will count toward your bachelor's degree.

Whether you choose a college or a career school, you can work part time to pay for some of your costs. If you do this, you should make sure that you save enough time for studying and that your work schedule and school schedule do not conflict.

The U.S. Armed Forces also offer educational programs and ways to pay for school or reduce your school costs:

- ✔ You can attend one of the military academies. These are four-year colleges that are tuition-free and offer bachelor's degrees and a commission in the military after graduation.
- ✔ You can attend a college or career school and enroll in the Reserve Officers Training Corps (ROTC) Program, which will pay for your tuition, fees, and books and provide you with a monthly allowance.
- ✔ You can join the Armed Forces before you go to a college or career school and take advantage of the Montgomery GI Bill, which provides financial support to those who attend school after serving in the military.
- ✔ You can also earn college credit for some military training, possibly reducing the number of classes you'll have to take.
- ✔ As an active member of the military, you can take courses at a college or career school during your off-duty hours.

Contact your local military recruiter for more information on these programs.

## *What's the next step?*

Now that you know you can afford an education after high school, visit the library to learn more about the careers and schools you are interested in. The U.S. Department of Labor publishes the *Dictionary of Occupational Titles*, which includes a list of career choices, and the *Occupational Outlook Handbook*, which gives job descriptions, including starting salaries and annual income averages. You can find both of these books in the reference section of your public library.

Also, make appointments to visit the schools you are considering. Bring a list of questions to ask school representatives. Your education is a major investment, so find out as much information as you can before you enroll.

Once you're enrolled, it is important that you complete your education. Completing school will give you more job choices, a higher salary, and more skills. Also, if you complete your education, it will be easier to pay back any student loans you take out. Borrowers who finish school are far less likely to default on their loans than those who don't finish.

If you work hard and take advantage of the many programs available to help you keep school costs down and pay for school, you will be successful in continuing your education and in pursuing a career.

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